



Grant Thornton

Financial statements

The Colchester East Hants Health Centre Foundation

March 31, 2017

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Independent auditor's report

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To the Board of Directors of The Colchester East Hants Health Centre Foundation

We have audited the accompanying financial statements of The Colchester East Hants Health Centre Foundation, which comprise the statement of financial position as at March 31, 2017, the statements of operations, changes in net assets and cash flows for the year ended March 31, 2017 and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

In common with many not-for profit organizations, The Colchester East Hants Health Centre Foundation derives a portion of its revenues from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustment might be necessary to donations and fundraising revenues, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2017 and March 31, 2016, and current assets as at March 31, 2017 and 2016 and net assets as at April 1, 2016 and 2015 and March 31, 2017 and 2016. Our audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Colchester East Hants Health Centre Foundation as at March 31, 2017 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Truro, Canada
June 26, 2017

Chartered Professional Accountants
Licensed Public Accountants

The Colchester East Hants Health Centre Foundation

Statement of operations

Year ended March 31, 2017	Operating Fund	Endowment Fund	Total 2017	Total 2016
Revenues				
Bequests	\$ -	\$ 323,174	\$ 323,174	\$ 198,500
Dinner	132,020	-	132,020	150,702
Appeal				
Fall	127,648	-	127,648	124,909
Spring	64,533	-	64,533	63,030
Gain on sale of investments	(123)	563,161	563,038	4,442
(Loss) gain on investments –unrealized (Notes 2 and 11)	-	(297,824)	(297,824)	(220,631)
Golf tournament	70,174	-	70,174	72,408
Investment income	13,451	190,828	204,279	252,370
Major Gifts – Restricted	21,580	-	21,580	25,500
Major Gifts – Unrestricted	18,000	-	18,000	5,000
Memorials and donations - restricted	73,724	700	74,424	66,069
Memorials and donations	1,226	6,188	7,414	12,566
Parking recovered	-	-	-	41,602
Staff lottery	22,435	-	22,435	23,120
Paint Nite	4,281	-	4,281	-
Third party events	6,720	-	6,720	15,059
Miscellaneous fundraising	8,395	-	8,395	-
	<u>564,064</u>	<u>786,227</u>	<u>1,350,291</u>	<u>834,646</u>
Expenses				
Administration (Note 3)	239,484	4,522	244,006	237,038
Amortization	4,438	-	4,438	4,863
Fundraising activities (Note 4)	77,707	-	77,707	78,558
Investment fees	-	44,403	44,403	46,247
Planned giving	3,258	-	3,258	6,626
	<u>324,887</u>	<u>48,925</u>	<u>373,812</u>	<u>373,332</u>
Excess of revenues over expenses before contributions	<u>239,177</u>	<u>737,302</u>	<u>976,479</u>	<u>461,314</u>
Contributions to (from) Nova Scotia Health Authority	<u>478,844</u>	<u>-</u>	<u>478,844</u>	<u>(81,453)</u>
Excess of revenues over expenses	<u>\$ (239,667)</u>	<u>\$ 737,302</u>	<u>\$ 497,635</u>	<u>\$ 542,767</u>
Consisting of:				
Restricted funds	\$ 77,399	\$ (297,124)	\$ (219,725)	\$ (238,256)
Unrestricted funds	<u>(317,066)</u>	<u>1,034,426</u>	<u>717,360</u>	<u>781,023</u>
Total	<u>\$ (239,667)</u>	<u>\$ 737,302</u>	<u>\$ 497,635</u>	<u>\$ 542,767</u>

See accompanying notes to the financial statements

The Colchester East Hants Health Centre Foundation

Statement of changes in net assets

Year ended March 31, 2017	Operating Reserve Fund	Operating Fund	Endowment Fund	Total 2017	Total 2016
<u>Restricted net assets</u>					
Balance, beginning of year	\$ 350,000	\$ 570,026	\$ 1,090,867	\$ 2,010,893	\$ 1,900,649
Excess (deficiency) of revenues over expenses	-	77,399	(297,124)	(219,725)	(238,256)
Interfund transfers (Note 8)	-	(346,467)	346,467	-	348,500
Balance, end of year	\$ 350,000	\$ 300,958	\$ 1,140,210	\$ 1,791,168	\$ 2,010,893
<u>Unrestricted net assets</u>					
Balance, beginning of year		\$ 1,027,876	\$ 4,562,888	\$ 5,590,764	\$ 5,158,241
Excess of revenues over expenses		(317,066)	1,034,426	717,360	781,023
Interfund transfers (Note 8)		(929,724)	929,724	-	(348,500)
Balance, end of year		\$ (218,914)	\$ 6,527,038	\$ 6,308,124	\$ 5,590,764

See accompanying notes to the financial statements

The Colchester East Hants Health Centre Foundation

Statement of cash flows

Year ended March 31

2017

2016

Increase (decrease) in cash and cash equivalents

Operating		
Excess of revenues over expenses	\$ 497,635	\$ 542,767
Amortization	4,438	4,863
Loss (gain) on sale of investments	563,038	(4,442)
Unrealized gain (loss) on investments	<u>(297,824)</u>	<u>220,631</u>
	767,287	763,819
Change in non-cash operating working capital		
Receivables	(23,412)	1,828
Prepays	(4,752)	(2,734)
Payables and accruals	332,067	(604,391)
Deferred revenue	<u>30,308</u>	<u>17,000</u>
	1,101,498	175,522
Investing		
Purchase of investments, net	(2,613,554)	(312,134)
Purchase of equipment	<u>(2,875)</u>	<u>(870)</u>
	(2,616,429)	(313,004)
Net decrease in cash and cash equivalents	(1,514,931)	(137,482)
Cash and cash equivalents, beginning of year	<u>2,215,888</u>	<u>2,353,370</u>
Cash and cash equivalents, end of year	\$ 700,957	\$ 2,215,888

See accompanying notes to the financial statements

The Colchester East Hants Health Centre Foundation

Notes to the financial statements

March 31, 2017

1. Status and nature of activities

The Foundation is a not-for-profit organization incorporated under the Societies Act of Nova Scotia and is a registered charity under the Income Tax Act. Guided by stewardship, integrity and accountability, the Foundation will take a leadership role in raising funds to continually enhance patient care. Its principal activities include raising funds for the purchase of equipment, capital improvements, general development, education and research for the Colchester East Hants Health Centre site of the Nova Scotia Health Authority (previously Colchester East Hants Health Authority).

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as outlined in the CPA Canada Handbook.

Use of estimates

The preparation of the financial statements in conformity with CPA Canada accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results could differ from those reported.

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions.

The **Operating Reserve Fund** is to maintain a balance to cover one year's operation expenses for the Foundation.

The **Operating Fund** accounts for the organization's current fundraising and administrative activities. This fund reports restricted and unrestricted resources.

The **Endowment Fund** accounts for bequests and gifts in accordance with the endowment policy.

Capital assets

Capital assets are recorded at their cost. Amortization is provided on a straight line basis over the assets' estimated useful lives.

When a capital asset no longer has any long-term potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any write downs recognized are not reversed.

The Colchester East Hants Health Centre Foundation

Notes to the financial statements

March 31, 2017

2. Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, and cash held in investment accounts.

Revenue recognition

Contribution revenue is recognized on a received or receivable basis, provided the receivable can be reasonably estimated and collection is reasonably assured. Capital campaign and major gift revenues are recorded when it is received. Other revenue including fundraising, parking and investment income is recorded when it is earned.

Investments

Investments are carried at quoted market value. All investments are measured at fair value with changes in fair value recognized in net income in the period they arise.

Realized income is income earned from dividends and interest that has been collected or accrued in the current fiscal period along with gains or losses from the disposal of investments.

Unrealized income is income that is recorded reflecting the change in market value over the book value of the investments currently being held by the Foundation at year end. The unrealized change in market value is the result of both change in the value of the investment, as well as the change in foreign currency where applicable and is included in income for the current period.

Financial instruments

The Foundation considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Foundation accounts for the following as financial instruments:

- cash and cash equivalents
- receivables
- investments
- payables and accruals

A financial asset or liability is recognized when the Foundation becomes party to contractual provisions of the instrument.

The Foundation initially measures its financial assets and financial liabilities at fair value.

The Foundation subsequently measures its financial assets and financial liabilities at amortized cost except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income. The Foundation removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

The Colchester East Hants Health Centre Foundation

Notes to the financial statements

March 31, 2017

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

3. Administration	Operating Fund	Endowment Fund	Total <u>2017</u>	Total <u>2016</u>
Office	\$ 96,013	\$ 4,522	\$ 100,535	\$ 96,005
Salaries and benefits	<u>143,471</u>	<u>-</u>	<u>143,471</u>	<u>141,033</u>
	<u>\$ 239,484</u>	<u>\$ 4,522</u>	<u>\$ 244,006</u>	<u>\$ 237,038</u>

4. Fundraising activities	Total <u>2017</u>	Total <u>2016</u>
Appeal		
Fall	\$ 11,022	\$ 14,610
Spring	2,534	2,975
Dinner	30,653	28,839
Donor recognition	2,340	4,096
Golf tournament	9,724	11,914
Misc. Fundraising	8,157	2,302
Staff lottery	<u>13,277</u>	<u>13,822</u>
	<u>\$ 77,707</u>	<u>\$ 78,558</u>

5. Investments, at market

2017		2016	
<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
\$ 7,964,583	\$ 7,942,764	\$5,222,306	\$5,594,424

The Colchester East Hants Health Centre Foundation

Notes to the financial statements

March 31, 2017

6. Capital assets	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2017 Net Book Value</u>	<u>2016 Net Book Value</u>
Equipment:				
Operating Fund	\$ 30,795	\$ 24,900	\$ 5,895	\$ 7,458

7. Payable to Nova Scotia Health Authority

	<u>2017 Operating</u>	<u>2016 Operating</u>
Parking	\$ 54,836	\$ 76,840
Operating expenses	20,794	50,485
Equipment pledges	<u>470,220</u>	<u>53,305</u>
	<u>\$ 545,850</u>	<u>\$ 180,630</u>

8. Interfund transfers

During the year, the Board of Directors approved the following transfers:

	<u>Operating</u>	<u>Endowment</u>
Investment activities;		
Cash transfer	\$ (1,500,000)	\$ 1,500,000
Investment income	<u>223,809</u>	<u>(223,809)</u>
	<u>\$ (1,276,191)</u>	<u>\$ 1,276,191</u>

9. Other matters

The Foundation has been named owner and sole beneficiary on various life insurance policies. The total death benefit of these policies at March 31, 2017 is \$883,330. This amount has not been recorded in the Foundation's financial statements.

10. Contributions in-kind

Contributed materials and services at an estimated fair value of \$118,769 (2016 - \$85,701) were received by the Foundation during the year. These amounts have not been recorded in the financial statements of the Foundation.

The Colchester East Hants Health Centre Foundation

Notes to the financial statements

March 31, 2017

11. Financial instrument – risk management

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposures and concentrations as at March 31, 2017.

Credit Risk

Credit risk is the risk of financial loss to the Foundation if a debtor fails to make payments when due. The Foundation is exposed to this risk relating to its receivables and in its investment portfolio.

The credit risk for receivables is mitigated by management's review of aging and collection of receivables.

The Foundation operates within the constraints of their investment policies which puts limits on the investment portfolio, including composition limits, asset allocation ranges, desired investment return and guidelines for overall risk and geographic exposure. The maximum exposure to investment credit risk is the balance of the investments. There was no significant change in exposure from the prior year.

Market Risk

Market Risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk, currency risk, interest rate risk and other price risk. The Foundation is mainly exposed to other price risk.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Foundation is exposed to other price risk through its investments quoted in an active market.

The change in price risk (fair value) is recorded as an unrealized gain/loss on investments through the statement of operations in accordance with ASNPO. As a result, these fluctuations are directly reflected in the results of operations.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

The Colchester East Hants Health Centre Foundation

Notes to the financial statements

March 31, 2017

11. Financial instrument – risk management (continued)

Liquidity Risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting the obligations associated with its financial liabilities. The Foundation is exposed to this risk mainly in respects of its payables and accruals. The Foundation has more than sufficient liquid assets to cover payables and accruals and therefore liquidity risk is low. There was no significant change in exposure from the prior year.
